A Comparison of Industrial Land Strategies

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INDUSTRIAL LANDS ROUNDTABLE
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INTRODUCTION

Since the adoption of Seattle's first Comprehensive Plan in 1992, there has been pressure to convert industrial lands to other uses. Nonetheless, industrial lands play a vital role in Seattle's economy by providing a location for good paying industrial jobs – and will continue to do so for the foreseeable future. The Seattle Planning Commission feels that it is in the best interest of the City to understand the current state of the economy for industrial uses, to describe the demands being placed on allowing non-industrial uses in industrial areas, and to look ahead at the needs of industrial uses in the future and determine how that might translate into land use policies today.

The City of Seattle has made a commitment to protect industrial land within the city by establishing two Manufacturing and Industrial Centers (MICs). One MIC is located in Interbay and along the Lake Washington Ship Canal and is known as the Ballard Interbay North End Manufacturing and Industrial Center (BINMIC) and the other is located along the Duwamish River and Elliott Bay and is known as the Duwamish Manufacturing and Industrial Center (Duwamish). The zones have been identified in the Comprehensive Plan and are accompanied by policies designed to protect the industrial uses located in them.

Industrial uses have stricter land use regulations because they often produce externalities such as noise, truck traffic, and exhaust or other emissions. These externalities are necessary to the operation of the businesses but could be considered unacceptable to other nearby land uses. The stricter land use regulations are designed to both protect more sensitive land uses from negative affects from industrial uses and to prevent sensitive land uses from locating near existing industrial uses thereby creating a conflict.

Industrial lands in Seattle remain in demand because:

- there is generally a limited supply of land available for industrial uses and industry remains healthy in the city,
- non-industrial uses also choose to locate in industrial areas,
- industrial land is often purchased for speculative purposes – new owners believing zoning may change and therefore buy land while prices are relatively less expensive. The land is appealing to developers because it is close to downtown, served by transit, and some of it is located near the waterfront.

In recognition of this on-going pressure to convert industrial land to other uses, the Planning Commission has recommended that the City of Seattle review its existing industrial land policies and land use control mechanisms. The current policies generally appear to be working, but the Commission would like to look ahead and anticipate the needs of industry in the coming years and decades as much as possible. There may be some opportunities to allow existing industrial land to develop in other uses, while other land should be protected for industrial uses for the foreseeable future. Until we have an understanding of what is needed, it seems irresponsible to allow piecemeal conversion of industrial land to other uses. In addition, it may also be in the City's interest to identify the types of land industrial uses will want or need in the future and to

work with them to secure that land as a means to support the City's economy. Seattle offers many unique locational advantages for industrial uses – in the discussion of allowing land to develop at its "highest and best" value, it is important that that evaluation take place in the context of the largest scope possible and not by individual land owners or interest groups.

In preparation for this roundtable event, we have compiled information on the problems other cities have faced with their industrial areas as well as the strategies they used to address those problems. This report is a compilation of conversations with planners in the selected cities, strategy documents and growth plans on record.

BALTIMORE, MARYLAND

Problem:

Increasingly, the City of Baltimore is being asked to change industrial zoning to allow individual parcels to be developed for other, more profitable uses. With increased demand from non-industrial uses, land and building prices have increased - in some cases pricing out industries that cannot afford to match the prices paid by office or residential developers.

Baltimore's industrial position doesn't look good. The market has been stagnant or declining over the last few years due to employment cutbacks among some major manufacturers and movement of industry to suburban sites. The city has not been able to offer marketable industrial sites that compete successfully with suburban industrial and business parks.

Baltimore has a relatively small inventory of competitive, available industrial buildings and development sites larger than 10 acres zoned for industrial use. In particular, there are few sites with good access to interstates 95 and 695, which is the primary focus of most new industrial activity in the region. Large, vacant sites with access to interstate highways, port facilities, and rail lines are rare in a region that generally has significant market advantages and demand for distribution and wholesale related uses.

Construction in the city is also constrained by limitations on reuse of contaminated brownfield sites. Because much of Baltimore's industrial land has been in industrial use for many years, it is constrained by both real contamination and the perception of contamination.

Discussions with private port operators and users indicate steady demand for deepwater port facilities for expansion of their operations. These operators see tenants being priced out of the Port of New York and New Jersey - which is unable to expand its deepwater facilities - as well as demand from other international companies seeking to expand their U.S. operations and unable to find the space they need in New York or other East Coast ports. The Port Land Use Development Zone Master Plan (PLUDAC) background analysis identified potential need for an additional 412 acres of public and private port-related property by 2011 in Baltimore.

With modern buildings developed on competitive sites in the I-95 corridor, Baltimore could expect to attract up to 15 to 20 percent of the region's industrial activity which translates to 30 to 40 acres per year.

Process:

Policy initiatives geared to improving the city's capacity to redevelop industrial land include:

- **Brownfields**: A recently announced $1.2 million EPA grant will allow the City to expand brownfield development incentives. A General Assembly-authorized task force is looking at ways to improve Maryland's Brownfields Voluntary Cleanup Program.
- **TIF Financing**: Baltimore Development Corporation (BDC) is looking at ways to improve the authorizing legislation for TIFs, as well as other ways to creatively use them to accelerate the City's efforts to upgrade and create marketable industrial land.
- **Eminent Domain Powers**: Through General Assembly action in 2002 and proposed City Council action (CCB 701), the City has broadened the circumstances under which eminent domain can be used for economic development.

New zoning categories were recommend adding four new zones to the city's zoning code to remedy weaknesses in the existing industrial zoning categories and to offer districts that better meet current development needs:

- **Industrial Park** – On properties of 20 acres or more, the industrial park zone would impose setbacks, design guidelines and performance standards to ensure quality development. Technology and support office uses should be allowed as conditional uses with limited FARs, but retail uses and gas stations should be excluded, except for specific types of support retail vii services. Support offices should be allowed as a matter of right. The Holabird Business Park guidelines could serve as a model.
- **Urban Business** – To accommodate office and technology uses, an urban business zone should be developed, possibly using the Seton Business Park as a model. Design guidelines and performance standards should ensure a level of quality. Office and technology uses should be allowed as a matter-of-right. Retail uses should be excluded, except for specific types of support retail services.
- **Mixed Use** – For the Jones Falls Valley and reuse of other historic industrial properties, we recommend developing a new mixed-use zone that would allow a mix of office, light industrial and residential uses in the same building and/or property with performance standards.
- **Port-Compatible Development** – Large sites with deepwater access and key clusters of port related businesses should be designated and protected for industrial and port related activity. However, the City must also nurture Digital Harbor/technology/job-intensive uses of the waterfront. Policies should be geared to protecting the larger clusters of port-related users, and allowing some flexibility for case-by-case decision-making relative to smaller sites and sites that are not part of key clusters of port businesses.

The City/BDC **key goals** to be achieved in setting policies for industrial land use include:

- Provide well-paying jobs for city residents by maintaining an adequate supply of industrial land and encouraging full utilization of land and buildings for economic uses.
- Protect the long-term viability of industrial uses by protecting them from encroachment by incompatible uses.
- Encourage industrial investment and reinvestment by providing greater certainty as to the long-term protection of their right to operate.
- Provide for the growth of "Digital Harbor" technology-oriented businesses that may be attracted to waterfront or historic industrial buildings and sites.
- Maintain flexibility so that the city's land use patterns can shift with changes in its economic structure.
- Generate additional tax revenues for the City.
- Reinforce viable residential and commercial districts by reducing land use conflicts.
- Avoid speculative land price increases that drive industry out of the city.
- Avoid diversion of office tenants from the Central Business District.
- Avoid undue competition with existing retail districts.
- Encourage clean up and reuse of environmentally contaminated properties.
- Streamline the process so that the approval and permitting process does not impede desirable development.

The Bay Area Economics consultant team, hired by BDC, recommends the following **guidelines for change-of-use decisions**:

As a general frame of reference, change-of-use proposals for office and technology uses, which are currently conditional in all M-zoned districts, should be regarded as relatively easier to justify, and proposals to change the use to residential or retail should be regarded as requiring more rigorous and conservative application of the criteria.

1. Retain as industrial sites those sites that can meet the needs of industry and can compete for users/tenants.
2. Reserve sites with deepwater access or close proximity to these sites for port and port related businesses that require access or close proximity to piers serving ocean-going vessels.
3. Protect established concentrations of industrial space in areas with adequate infrastructure.
4. Allow conversion of marginal industrial land (e.g., small sites without good access, sites with adjacent or nearby residential uses, older multi-story buildings) unless nearby viable industries would be damaged by encroachment.
5. Allow conversion of multi-story, historic buildings without industrial reuse opportunities that are near residential and commercial areas. The new uses should exclude retail space except limited support retail serving primarily the on-site businesses or population. The new use should not result in burdensome zoning or regulatory restrictions on nearby viable industries, such as restricted operating hours or delivery times.

6. Allow conversion if a higher-intensity use is required to finance needed environmental remediation or other extraordinary expenses associated with out-moded industrial properties and buildings, but only if the new use would not result in burdensome zoning or regulatory restrictions on neighboring industries.
7. Allow conversion to mixed use if the intensity, investment levels and economic benefits of the new use far outweigh the alternative industrial use and if there is not a nearby concentration of viable industry that would be negatively affected by the new uses. The mixed use must include office and/or technology uses that will bring new higher paying jobs and income to the city, rather than retail uses. The new use should produce more jobs than the alternative industrial use.

Implementation:

At the time of this research the City of Baltimore had not undergone public outreach but planned to hold several community hearings on the matter. In 2005 BDC had, however, completed an extensive public process which included public hearings, forums and working groups. The public process strengthened the resolve of both BDC and the City of Baltimore to protect the city's industrial lands. Baltimore City Council also took steps to further protect the maritime industrial zone by enacting legislation that puts a moratorium on development for 10 years in the deepwater industrial zones.

The Industrial Land Use Analysis Report was created for the BDC by the consultant, Bay Area Economics. BDC is a 501(c)(3) corporation contracted with the City of Baltimore to provide economic development services - with a mission to retain and expand existing employers and attract new ones, BDC works collaboratively within City government and with private partners to deliver services that will help businesses grow.

CHICAGO, ILLINOIS

Background:
The "Rust Belt" of the United States experienced deindustrialization in the late twentieth century due to shifts in production out of inner cities. This was fueled in part by cheaper land values in the suburbs, cheaper labor abroad, and rising costs of both land and labor in the inner city due to high property taxes and wage increases with unionization of the manufacturing sector. Many inner cities have realized that they must compete with their hinterlands as well as with their neighboring cities to keep industry within their borders. The advantages of keeping high paying jobs, an industrial tax base, and occupancy within industrial districts in a city outweigh costs that may come as a result of economic programs aimed at industrial retention for those cities.

Problem:
Chicago's North River Industrial Corridor (NRIC) houses one of the city's oldest industrial sectors, as well as one of its most controversial. The land surrounding the NRIC includes some of the highest and fastest, consistently growing land values in the city. As a result of the contentious location of the NRIC, there have been significant battles between residential and commercial developers and those who wish to keep industry in the inner city. Elected city officials found themselves on both sides of the issue, but it was not until Harold Washington became mayor in 1983, that those in favor of industrial retention truly had a political ally. Mayor Washington strongly advocated the use of two particular industrial retention methods: Enterprise Zones and Permanent Manufacturing Districts. In addition to these two industrial retention methods, Industrial Tax Increment Financing Zones have been heavily used in Chicago since Richard M. Daley became mayor in 1988.

Process:
Enterprise Zones – "There are currently six enterprise zones in the city. The city describes the purpose of an Enterprise Zone as an entity designed to stimulate economic activity and revitalize declining neighborhoods." (Sokol 2005)

Permanent Manufacturing Districts – PMD's are a prototype of industrial "sanctuaries" that are established by application. Each PMD provides that no residential uses will be permitted in areas in which it is applied, and that "supplementary regulations" specifying prohibited uses and other restrictions will be developed and adopted by the city council for each area when the district is applied to the zoning map.

Process for Establishing a PMD:

- The City of Chicago must first undergo a study of the proposed PMD area. The area should fit criteria for location, viability and effective use of City resources;
- Community meetings are held;
- Planning Commission votes and makes a recommendation to the City Council; and
- City Council makes a final decision on adoption of the PMD.

Tax Increment Financing - TIF districts within Chicago operate by allowing the City to reinvest all new property tax dollars generated back into the TIF from which they came for a twenty-three year period. The revenues created (called "increments") arise if new development takes place in the TIF districts, or if the value of existing property rises, resulting in higher property tax bills, but tax rates are not raised in the neighborhood during this twenty-three year period. (Sokol 2005)

Implementation:

The PMD designation is a fairly permanent policy. The PMD process has been effective in maintaining key industrial areas. Chicago almost always combines the use of TIF when assigning a new PMD to ensure proper tax incentives for land owners. The one concern with the current industrial lands strategy is that there is still significant land speculation happening in the industrial zones. Therefore even industrial lands that are protected are renting near $30/sq.ft. So, despite the protections put in place by the PMD, the increase in land cost and associated rent cost may eventually end up making the industrial zones not viable for industrial uses in the future.

PORTLAND, OREGON

Background:

A comprehensive regional industrial lands study was recently completed for the Portland-Vancouver MSA. The study was sponsored by a variety of regional organizations; including: Commercial Real Estate Economic Coalition, Multnomah-Washington Regional and Rural Investment Board, Mt. Hood Economic Alliance, Northwest Natural, Northwest Oregon Economic Alliance, Oregon Economic Development Department, Port of Portland, Portland Development Commission, and 1000 Friends of Oregon. The project consultants included Otak, Inc., ECONorthwest, Parametrix, and the Institute for Metropolitan Studies at Portland State University.

The intent of the study was to:

- Identify 20-year industrial land needs based on regional job growth forecasts and market trends;
- Provide a detailed up-to-date industrial lands inventory using a newly developed geographic information system land classification system;
- Consider the effects of development constraints, such as parcel size and environmental issues, on land absorption and the region's ability to meet job growth forecasts; and
- Determine if there are any significant discrepancies in the availability of buildable industrial lands to accommodate expected job growth.

Historically the economy of the Portland-Vancouver MSA was based on industries that capitalized on the region's unique natural resources and river and ocean access - with early 19th century economic roots as a "trading post" for furs, wheat, and lumber giving way to an economy based on high-tech manufacturing and a variety of service occupations. Features of the Portland-Vancouver MSA industrial economy include:

- Presence of the second oldest international shipping port on the West Coast;
- Port activity that leads the nation in wheat shipments, and is among the fastest growing container ports on the West Coast;
- Location as a transportation hub at the confluence of railroad, barge, airport, and interstate highway facilities; and
- A regional economy with over 1.8 million residents and 1.15 million jobs in the six county study area covering more than 5,000 square miles.

A robust economy and perceived high quality of life will continue to attract new residents, thereby expanding the region's civilian labor force. According to the Bureau of Economic Analysis, between 1975 and 1996, employment growth in the MSA exceeded national growth rates. Projected gains in personal income reflect the expectation of continued prosperity. Jobs relating to industrial activity pay an average of 30 percent higher than average wage rates in the MSA.

Problem:

Keep in mind during the following discussion, in the study industrial lands were classified as Tier A (without major development constraints); Tier B (constrained by lack of public facilities, corporate ownership, soils, use constraints, brownfields, or transportation access); Tier C (infill sites smaller than one acre and "commercial valued" sites based on current property tax assessment records); or Tier D (redevelopment sites).

Important study findings include:

- Approximately 2,387 acres (26 percent) of the net buildable supply in the MSA is classified as Tier A – readily developable without major constraints. There is an additional 6,811 acres of supply constrained by such factors: insufficient infrastructure, ownership, size, redevelopment costs, and outlying "rural" locations.
- Certain areas/jurisdictions have little or no Tier A supply, such as Clackamas County with 47 acres. Other locations, such as Clark County have over half of the Tier A inventory (1.345 acres). The sub-regional disparities can have serious jobs/housing and transportation balance implications.
- There are few remaining parcels of industrial land over 50 acres in size. Over 60 percent of the industrial land inventory is in parcels less than five acres, and 80 percent is in parcels less than 10 acres. There are only three Tier A parcels in excess of 100 acres in the MSA.
- Given the importance of the Tier A supply in meeting industrial job growth forecasts, an analysis was conducted to determine how long it will take to use up the remaining Tier A supply. Based on current job growth forecasts, we expect Tier A supply in the MSA to be depleted within 7 to 9 years, and much sooner for some counties in the study area.
- Added pressure for land banking, industrial re-zoning, and commercial mixed-use development is anticipated in coming years as the Tier A industrial land supply diminishes. Hence, the effects of a limited Tier A land supply will constrain job growth well within 7 years, and much sooner for some counties.
- With recent federal listing of salmon as an endangered species, new environmental regulations will likely result in further reductions in buildable industrial land supply.
- The forecasted 20-year net buildable land demand in the MSA (6,310 acres) is significantly greater than the Tier A industrial vacant land inventory of 2,387 acres.

Process:

As a result of the study it was determined that the region would need to preserve its existing Tier A land supply and find ways to add land to Tier A.

Some of the strategies identified to remove industrial land constraints to preserve existing Tier A land supply include:

- Target public infrastructure investment, such as roads and utilities.
- Create industrial land banking initiatives.
- Develop local tax incentives such as allowing property tax abatement for industrial redevelopment projects and the elimination of farm tax deferral in selected locations.

- Provide government loans and grant programs that can be used for industrial building/site environmental remediation and seismic upgrade improvements.
- Establish public/private partnerships to proactively master plan real estate holdings for future internal expansion and/or "external" development through appropriate plan review and partitioning process.
- Create model development code ordinances that assist local jurisdictions in preserving adequate industrial lands for future economic growth, while limiting commercial or residential intrusion.

Some of the strategies identified to add land to the Tier A industrial supply include:

- Add urban reserve lands within the urban growth boundary.
- Carefully select urban reserve lands to accommodate for large tracts of flat land that is convenient to transportation and appropriate for industrial uses.

Implementation:

This industrial land study contains new information to consider when establishing long-term land use policies that determine how the Portland-Vancouver will enhance and diversify its economic base. Given the limited existing Tier A industrial land supply and its effect on near- and long-term economic potential, the following recommendations were established to help guide future public actions:

- Continue regional public and private-sector dialog to raise awareness of industrial need. The region, including governments, the private sector, and interested citizens, should continue to work together to monitor the dynamics of industrial supply and demand in the MSA.
- Closely monitor industrial land supply-the effects of emerging environmental resource areas will likely have a major impact on the available industrial land supply. It is recommended that the buildable industrial land maps referenced in this study be incorporated into the Metro RLIS and Clark County GIS databases.
- Determine how much Portland-Vancouver can rely on Tier B, C and D lands to meet the job growth requirements-this entails a more detailed analysis of industrial user requirements for specific sectors such as warehousing/distribution, and high technology sectors.
- Conduct a cost-benefit analysis to determine where potential public investment results in the greatest potential for removing Tier B, C, and D development constraints.
- Consider public policies that help retain or increase the available Tier A unconstrained industrial land supply such as:
    - Targeting a rolling 5 to 10 year supply of vacant Tier A lands;
    - Designating urban reserves for future industrial development;
    - Promoting local land use code amendments that preserve land for industrial development;
    - Reducing or eliminating farm tax deferral obligations for newly recorded industrial plats; and
    - Other public and private actions as outlined above.

The City of Portland has undergone several more studies to identify additional requirements for successful industrial areas. In 2004 they produced a study around greenfields and brownfields, identifying cleanup requirements and responsible party. The Portland Development Commission has adopted city-wide economic goals that include 10 priority industry clusters - 7 of the 10 are industrial uses. The Portland Office of Transportation has completed the Freight Master Plan, focusing on moving freight around the Metro area. Lastly, there is an ongoing River Planning process to outline setbacks, trails, and reinvestment strategies for public funding in industrial areas along the waterfronts.

SAN FRANCISCO, CALIFORNIA

Background:

Industrial Lands in San Francisco: Understanding Production, Distribution and Repair helps readers better understand what Production, Distribution and Repair (PDR) is, why it is important, and what needs to be done about this modest but critical part of San Francisco's economy. Should these activities disappear, the City could lose economic resiliency. Thus, a thoughtful appreciation of PDR is necessary to making rational decisions about the vision of San Francisco's future.

The question is not whether PDR activities are important for the City, but rather what kind and how much is important; where and how these businesses are accommodated; and to what extent they require exclusively industrially zoned land to function.

PDR industries do not just pay higher overall wages than jobs in other sectors, particularly the services sector; they pay higher wages for workers with the lowest levels of skills and education,

PDR activities contribute to the stability of the City's economic base, partly because they increase the diversity of economic activities here. In fact, many observers attribute the health of the Bay Area's regional economy, as compared to Silicon Valley's over the past year and a half, to the larger regional economy's greater diversity.

Even as the San Francisco economy changes and the nature of PDR changes, there will be businesses in this broad category of industries. It is reasonable to expect that given the integral role played by PDR firms in the functioning of the San Francisco economy, these businesses will continue to constitute an important part of the City's job base. This conclusion is bolstered by the fact that total PDR employment grew by 13% from 1997 to 2001, precisely the period when San Francisco's "post-industrial" or "new economy" sectors were undergoing rapid change and expansion. PDR businesses are expected to maintain their share of jobs in San Francisco and, according to the Association of Bay Area Governments, grow over the next 20 years.

In order for such businesses to survive and thrive, for living wages to be available to residents of San Francisco, and for San Francisco to remain diverse, and therefore healthy, policies must be in place to delineate land for industrial uses.

Problem:

Manufacturing and wholesale trade firms require facilities and operating conditions different from retail trade and therefore these firms choose to locate in industrial areas where larger floor plate buildings are available, where trucks can easily load and unload goods, and where the land values allow lower rents. Not all activities are compatible with one another.

By the 1960s, containerization became the new standard for shipping goods. Land constraints, the City's location at the head of a peninsula, and a range of other factors made it extremely

difficult for San Francisco to adopt the new technology and compete with Oakland for cargo. Subsequently, many of the City's distribution and warehousing jobs disappeared.

A smaller but still significant number of manufacturing and distribution jobs remained. These jobs were found in the industrial lands South of Market, parts of the Mission and Potrero, Bayview-Hunters Point, and near the central and southern waterfronts.

PDR jobs still make up 11% of the City's total employment.

Many firms in the new multimedia and "dot-com" industries preferred the excitement of San Francisco's dense urban environment to the corporate campuses of Silicon Valley. In the City's industrial land, they found a ready supply of flexible, inexpensive space well suited for conversion to office space. At least 50 office projects have been built or are currently under construction in these areas. Yet now, with the subsequent dot-com implosion, office vacancies are at record levels while businesses closed or displaced as a result of the initial boom are not likely to return.

In the last five years, San Francisco's industrially zoned land saw the construction of over 5,000 residential units (primarily live/work). Many of the traditional occupants of industrial areas—especially PDR businesses—were displaced by rising rents. Recently arrived residential neighbors, who complain about sounds, sights, and smell associated with many PDR activities, have made it difficult for many businesses to operate. While some found space elsewhere in the City; many others left San Francisco altogether; and still others went out of business.

Nevertheless some PDR businesses, such as photography studios and graphic designers, are more compatible with residential development because of their scale, traditional hours of operation, and relative inconspicuousness. Approximately 30% of businesses responding to the PDR survey reported that, in terms of noise levels and other externalities, it would not be a problem for their business to be located next to housing.

San Francisco's land use policy supports, promotes, and protects specific uses. There are zoning districts designed to allocate space for office, retail, and residential uses. There are no equivalent regulations for industrial activities. Because there are no zoning districts designed particularly for their needs, office and residential developers are encouraged to vie for the right to develop the remaining 1,000 acres of land where PDR uses are permitted, in the Eastern Neighborhoods.

PDR properties have shown greater stability than office with smaller increases in rent and sales prices. The vacancy rates remained extremely low (under 3%) at a time when other uses were desperate for tenants. The office market in San Francisco now has 6 million square feet of sublease space available, a 21 percent vacancy rate (as of the end of the first quarter of 2002), A San Francisco location is also often crucial to the success of a PDR business because of the access to particular segments of the labor force.

Process:

The goal is to resolve land use conflicts that have arisen between residential, industrial, and commercial development. Ideally, the full potential for housing will be realized through the success of the Citywide Action Plan, yielding almost 49,000 housing units without encroaching on the core industrial land necessary for PDR businesses.

Using three criteria competitiveness (wages and real estate), compatibility, and linkages - PDR can be categorized by where it can locate within San Francisco's industrial lands, as part of mixed-use areas, or in industrial land outside San Francisco.

The General Plan has always prioritized the importance of industrial jobs for the City, as well as the encouragement of industrial sectors that contribute to the overall health of the economy. Current policies and procedures encourage industrial uses on certain industrially zoned parcels, and encourage housing and mixed-use activities on other industrially zoned parcels. As part of the community planning process of the Eastern Neighborhoods, these policies will be translated into new zoning controls that define the ultimate uses of these parcels. Areas devoted to PDR will preserve the industrial building stock. Areas devoted to housing or mixed use will require infrastructure improvements and appropriate urban amenities. The future use of industrial land will define the nature of San Francisco.

San Francisco has been in a process of evaluating the uses of industrial lands through the neighborhood planning process. The evaluation of industrial land retention or conversion is based on competitiveness (wage and real estate), compatibility and linkages (where it can locate). The evaluation will lead to land use code changes in the future.

Implementation:

Neighborhood planning has led to a new designation of some lands that are now mixed use industrial and housing. The industrial uses allowed in this area would fall more under the light industrial uses. The land use designation would also require a minimum amount of industrial uses remain present to remain compliant.

San Francisco planning department has also completed a PDR study to better classify industrial uses and the viability with other uses.

VANCOUVER, BRITISH COLUMBIA

Background:
On March 14, 1995, Council adopted the Industrial Lands Strategy and approved a work program to update industrial zoning in Vancouver. Council-adopted policies are available from the Planning Department in a document titled *Industrial Lands Policies*.

The overall objective of the Strategy is to retain most of the city's existing industrial land base for industrial and service businesses. The work program proposed a review of the zoning schedules to achieve the following:

- updated definitions of industry to better accommodate service businesses;
- revised outright height and bulk limits to ensure compatibility with nearby residential areas; and
- revised provisions for conditional uses (i.e. cultural, recreation, education) to determine which uses can locate in industrial areas and which uses should be excluded. The I-2 zoning initiative deals with items a) and b) above. Additional work related to the Industrial Lands Strategy is now underway, including a review of conditional uses and the creation of highway-oriented retail/industrial zones along the Grandview Highway and Marine Drive industrial area frontages.

Problem:
Beginning in the early 1970's Vancouver industrial lands were being vacated. Large tracts of land were abandoned after railroad and shipping interests left the city. The City of Vancouver underwent a parcel by parcel planning process to transition lands out of industrial into primarily housing.

In 1995 many of the large land areas had already been converted and all that was left were parcelized pieces of industrial lands. The City launched an industrial lands study that would investigate neighborhood uses and future growth to better understand the value of industrial lands to the City.

After the study was completed it was decided that a strategy would be created with the goal of industrial lands preservation. The strategy would also identify conversion zones where the development of housing and office would be allowed. The areas would be required to be in poor condition for future industrial uses and be easily convertible.

Process:
The policies contained in the Industrial Lands Strategy remain in effect until such time the strategy is reviewed (*scheduled for this year, 2005*). The strategy will be reviewed every 10 years or at Council's request. Following are the six components of the strategy.

1. Increase the allowable floor area for service industrial uses

- For the I-1, I-2, and Still Creek CD-1 district;
- Manufacturing uses, transportation and storage uses, and wholesaling - Class A continue to be permitted, the maximum allowable floor area - 3 Floor Space Ratios (FSR);
- The maximum floor area was increased from 1 FSR to 3 FSR for utility and communication uses; other wholesale uses; and the following service uses: laboratory; laundry or cleaning plant; production or rehearsal studio; repair shop - Class A; and work shop;
- The maximum floor area is 1 FSR for each of the following service uses: catering establishment; motor vehicle repair shop; photofinishing or photography laboratory; and sign painting shop; and
- The maximum floor area is 1 FSR for all other uses combined.
- Existing policies regarding retail uses, other than vehicle dealers, have not changed. New provisions for accessory uses and general office uses are described.
- Vehicle dealers are now permitted throughout the I-1, I-2, and Still Creek CD-1 districts (an arterial street location or vehicle repair space are no longer required in these districts). The 1,000 square meter (10,000 sq. ft.) size limit for vehicle dealers does not apply in the I-2 and Still Creek CD-1 districts. Vehicle dealer is still a conditional use.

2. Create new definitions

A number of existing definitions were amended and some new definitions were added to Section 2 of the By-law. All the industrial district schedules were amended to include some or all of these new uses.

1. A new definition was created for "software manufacturing", which means the bulk production and packaging of computer programs. By contrast, software programming is a general office use.
2. "Works yard or works shop" was separated into two definitions: "work shop" and "works yard". The purpose is to facilitate the approval of indoor work shops for various trade services.
3. "General office" was amended to include computer programming and desktop publishing.
4. "Paper or pulp manufacturing" was separated into two definitions: "paper manufacturing" and "pulp manufacturing". The purpose is to permit small-scale manufacturing of specialty papers in I-2 districts.
5. In a separate report, retail and wholesale uses were amended to include wholesale clubs. The purpose is to define wholesale clubs, which sell to members of the public, as a retail use.
6. In another report, "artist studio" was amended to "artist studio - Class A" and "artist studio - Class B". "Artist studio - Class B" is only permitted in industrial districts, up to 1 FSR, for rental units, in buildings existing as of September 10, 1996.

3. Increase the amount of accessory and office space allowed

- In the I-1 district schedule, the limit on accessory space was increased from 25 percent to 33 1/3 percent of the gross floor area of the principal and accessory uses combined. This is the limit in the M-1, M-2, and I-2 district schedules.
- In addition to the changes regarding wholesale clubs, accessory retail in conjunction with wholesaling was made a conditional use in all industrial district schedules. The purpose is to ensure that retail floor area limits are applied and a proper dividing wall is constructed.
- The limit on General Office floor area was increased from 25 percent to 33 1/3 percent of the total gross floor area in the I-2 and Still Creek CD-1 district schedules.

4. Reduce height and bulk provisions

- In the I-2 and Still Creek CD-1 district schedules, the outright building height was reduced from 30.5 m (100 ft.) to 18.3 m (60 ft.). Increases up to 30.5 m (100 ft.) are permitted provided there are no shadow or visual privacy impacts on developments in residential districts. In the I-2 and Still Creek CD-1 district schedules, the maximum allowable floor area was reduced from 5 FSR to 3 FSR. This change affects manufacturing uses, transportation and storage uses, and Wholesaling - Class A.

5. Replace "heavy" industrial zoning with "light" industrial zoning

Conditions of use were included in sections 2.3 and 3.3 of the I-2 district schedule to control the storage of goods and materials. The purpose of these conditions of use is to:

- Prohibit the bulk storage of hazardous goods, such as explosives, except for trans-shipment purposes;
- Ensure that other potentially dangerous goods, such as industrial chemicals or flammable liquids, are properly stored;
- Restrict the keeping of live animals; and
- Ensure that outdoor storage yards are suitably enclosed.

The I-2 district schedule does not permit "heavy" industrial uses that are no longer suitable for inner-city industrial areas, e.g. saw mills, raw ore foundries, pulp mills. However, junk yards existing as of November 26, 1996 are permitted to remain. Also, waste disposal stations are limited to the sorting and transfer of garbage.

6. Facilitate "change of use" in inner-city industrial areas

A parking pilot project has been approved for the Mount Pleasant I-1 district. On a trial basis, manufacturing uses will be permitted in buildings existing as of November 26, 1996, without requiring additional parking if it cannot be provided. The parking exemption is limited to four spaces for every 15.24 meters (50 ft.) of site frontage. Engineering staff will monitor parking impacts for one year and then report the results of the pilot project to Council. Depending on the outcome, changes to the Parking By-law could be recommended following an examination of parking needs in other industrial areas.

Rezoning of Industrial Lands will be considered in the following circumstances:

- Based upon CityPlan or other City-initiated planning process;
- If the site is located in an area "let go" in 1990, including Southeast False Creek, Hudson Street Industrial Area, Hastings Street frontage, and Cedar Cottage - new uses will be permitted once appropriate policies for land use and public requirements have been established;
- If the site is located in an area designated as Highway-oriented Retail/Industrial Zones on Grandview Highway and Marine Drive, a specified range of retail uses will be permitted once a new zoning by-law is enacted;
- For land within False Creek Flats, all rezoning decisions will be made within the context of the proposed City-initiated planning study.

For Any Rezoning Applications, the following conditions will be considered before land is released from industrial uses:

- Compatibility of Proposed Land Uses with Existing Industrial Activity. The proposed development should not affect the operations of adjacent existing and potential future industrial activity in the area. The proposed development should not increase land values of surrounding industrial land.
- Land Use Suitability for Alternate Land Uses. The proposed development should comply with relevant planning policies such as Central Area Plan, Artist "live/work" Studio Policy, etc.
- Environmental Impacts. The proposed development should comply with relevant legislation concerning environmental impacts and mitigation measures.

Implementation:

Overall the City of Vancouver feels they have been implementing their strategy of industrial land retention effectively most of the time. The City Council continues to be strong backers of the policy and has only limited discussion on land conversion based on the implemented strategy.

In 2005, the first 10 year deadline has been reached and the City is generally pleased with the outcomes of the Strategy. According to planning staff, upcoming conflicts will less likely be about industrial land conversion to housing but instead about conversion to light industrial.

The Port of Vancouver is owned and operated by the national government of Canada. The City of Vancouver and the government of Canada are interested in continuing and growing port business. Thus, the City has identified areas surrounding the deepwater port areas for continued industrial uses.

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